

Robert: Hello, hello, hello, this is Robert Kiyosaki, the Rich Dad Radio Show, The Good News and Bad News About Money and today we have some really, really, great news, so stay tuned. It's really about what Kim and I decided the cash flow board game about is how to get out of the rat race of life and get on with your life. So, we have a very, very important show for those who have played, the cash flow game, I suggest you play it, if you haven't played it and it's about getting out of the rat race or the middle class trap of go to school, get a job, work hard, save money, invest it in a 401K and get out of debt. I mean that's really a suckers play there.

So, our guest today is the infamous Clayton Morris. He's a former weekend anchor for Fox and friends and the Fox news channel and I just can't believe what he just did. He resigned from one of the most prestigious positions in television to get on with his life's dream. He's out of the rat race and doing what he really is passionate about doing. So, you're going to hear his story of how he got out of the rat race but man if I was in New York on Fox every morning, I would be in heaven but apparently he's got other plans and God or the great spirit has bigger plans for Clayton to serve his fellow human beings. IN the studio today is our partner Kenny [Mackeory 00:02:40]. He is the expert of real estate. He owes everything to Kim and I because we taught him.

I taught him everything I know, everything I know but he's so ungrateful. No, Kenny have gone on ... And after Kim and I became financially free, Kenny took us to the next level of financial freedom. I mean, there's so much money coming in if you know what you're doing and my sweetheart Kim ... What do you want to say Kim?

Kim: Well this is gonna be a great show because if you're working nine to five, five days a week or more and you have this dream of something you want to do but you're afraid to give you the paycheck, you have a lot of excuses.

Robert: Well, how about the fame.

Kim: Well, fame if you have fame but I've got a spouse and kids. I can't do that and all of the excuses that come with it. Well, hers a guy who was the celebrity, kind of living the dream, and he had something else that was driving him and he was passionate about and he took this incredible leap of faith. We're going to hear his story and I think it's the perfect Rich Dad story. So, I'm excited.

Robert: And Clayton Morris is a dear friend of the family here. He's always got us onto Fox and Friends to pitch our story about finance and different ways of looking at financial freedom. So, Clayton was instrumental in us getting publicity we might never have gotten. So, anyway, welcome to the program Clayton.

Clayton: Thank you guys so much. You're too kind. Thank you guys for having me here. This is a true honor.

Kim: It's our honor.

Robert: So, Kenny what do you want to say about freedom via real estate?

Kenny: Well, first of all I commend Clayton. I think it takes tremendous courage. There's a lot of stuff that goes on when you take this leap of family, friends, all basically saying, "What are you doing?" That's a big piece and I'm sure we'll hear a little bit about that but Clayton as you know, we've met. I've been on your show and I'm very, very happy for you and I can't wait to help if I can.

Robert: I wouldn't accept it.

Clayton: I absolutely accept it. I don't say this lightly. The reason for the reframing that led to me leaving, that started this journey 10 years ago, all started with you guys, without a doubt. This is not blowing smoke at all. It really was that reframing, realizing that when I lost my job in Philadelphia, 10 years ago, I was hired as the morning anchor for Good Day Philadelphia and they encouraged me to buy a house in Philly, come live there back in my home town. Great. I get there and a week later my news director gets fired. She had hired me to make the morning show fun and hip and young and she gets fired. So I had no internal support and a week later they hire a new news director. This guy just wants to murder off the top of the shoe and really horrible news stories leading every hour.

Robert: You mean CNN right, continue as negative news.

Clayton: Exactly, non stop negativity and I didn't want that in the morning. Who wants to have that over their Cheerios. So, about eight months into my contract, when my option was open to renew, they just said, "You know, we're not going to renew your contract.", and it was like I as 12 years old again watching my dad lose his job, really the poor dad way of looking at wealth building. He was so angry and scared and I just went back to being that angry and scared kid again and I said, "you know what, never again. Never again am I going to be beholden to what somebody else tells me, decides to renew a contract for me or not. I'm gonna start now trying to figure this out.", and that's when I started learning the ways that you guys teach.

Robert: Well, sometimes something bad is the best thing that ever happens to you. Kim and I have a very similar story. Both our fathers lost their jobs mid career and that's why we became entrepreneurs. This idea of go to school and get a job and climb the corporate ladder, having our fathers unemployed kind of sours you right Kim?

Kim: Yeah, it did and on top of that Clayton, very similar to you, my first job out of college, after about nine months, I got fired and it was the best thing that could have happened to me because it was my wake up call, saying, "You really do hate being told what to do Kim." So, let's face that fact and move on.

Robert: So, Clayton would you mind giving us a little of your background, where you're from and all this. How you got into the rarefied world of television, national television.

Clayton: Well, I thought it was my dream and it really was my dream in broadcast. As a child, I used to sneak downstairs when my parents thought I was asleep and I would watch

Letterman and I would watch Carson and then my parents would come down and yell at me. I loved the medium of broadcasting.

Robert: Where was this? Where did you grow up?

Clayton: I was born outside of Philadelphia. So, in the city and then we moved out to Cherry Hill, New Jersey, and then in to Redding, Pennsylvania. So, I spent my high school years and junior high and elementary in Redding, Pennsylvania. The Redding railroad on the Monopoly board but we never saw a train come through Redding. What's going on here. This terrible infrastructure for trains in this country and there's nothing here. So, that was the city and I grew up having these dreams of doing television and I would do stand up comedy when I was 15 years old at the local comedy clubs and ...

Robert: That's tough.

Kim: That's great training, wow.

Clayton: Oh yeah, when you realize that you're going to do this 360 days a year, traveling all over the country, sleeping in till noon and just going to sleep at three at night, and you're doing the same stuff, it's a hard road but I didn't know what I didn't know and I moved to Los Angeles after college and just started as a production assistant, working for a Fox affiliate out there in Los Angeles at KTTV in West LA. That was my first production job and they said, "If you want to get on the air you've got to leave." That was 1999 and I went and became a political reporter up in Montana covering the governor there and then all over the country as a news anchor, rising up through the ranks and you know, your goal of course, is to get to a network and I was blessed then after losing my job in Philadelphia, the network called and said, "Hey, we'd love for you to come up to New York. We've got an opening on Fox and Friends. We think you'd be great.", and I said, "But wait a minute. You guys just fired me.", and they said, "no, no, no, there's a big separation between church and state. That's a local affiliate that has nothing to do with the network. Come on up and meet with us we've been following your career for a number of years.", and I was just mouth dropped.

What are you talking about. You've been following me. They were kind enough and I never looked back in 10 years getting to host the number one show in cable news.

Robert: IN the back of your mind, you said after you lost your job, "Thank you, you've done me a favor because I'm not going to get sucked into the trap.", or however you would phrase it.

Clayton: I don't if you guys went through this. I don't know, do a round robin here, but I don't know, Kim you mentioned it was the best thing that could have happened. I don't know that I knew it at the time. I went on anti depressants.

Kim: Yeah, I didn't know it at the time. No, I didn't know it at the time. Yeah, it's devastating when it happens.

- Robert: Kenny still hasn't found the job, so he doesn't know what it's like.
- Clayton: I didn't know what to make of it and I was really terrified. I went back to being ... because I grew up with a lot of fears around money in my house I would hear, "Money doesn't grow on trees. We're not the Rockefeller's. We can't afford that." So, that's really the mantra in our company and what I talk about on the podcast is really be aware of how you're talking to your children about money and I'm so glad what you guys do.
- Robert: Fantastic.
- Kim: So, Clayton, the whole time that you were with Fox and Friends, you were also on this other path, correct, of building your wealth or you knew there was something else you were going to be doing?
- Clayton: Yeah, and I lived all over the country, so I saw ... I was always paying a landlord to live where I was living but I didn't quite understand it. I was mysteriously mailing off \$500.00 a month to some landlord that I never saw to live in these different places. Finally, before I ever got to Philly, I had started, I tried to do a few flips in Florida, where I moved and I had bought a single family condo, a one bedroom condo and I lived in it and did the work on it myself and an off market property next door opened up and at night, after waking up at two in the morning and doing my morning show that I was working on, I'd come home and I'd do drywall and I didn't even know what I was doing. I was covered in Spackle. I had no idea and I flipped these two properties and made a good sum of money but I didn't really know what I was doing and then I got hit with the crunch of the market, everything collapsed and I had taken some of the profit, put it into some speculative land projects in Florida and North Carolina and I lost everything. I mean, I lost all of that profit.
- Robert: Welcome to the club.
- Clayton: Yeah, and so I didn't realize it at the time, I just said, "I'm not doing this for a while. I've got to figure something out.", until I realized the power of buying hold real estate and so when I was at Fox and Friends, I was still going through this foreclosure. I got a call. I went to buy a cup of coffee and I couldn't even buy a cup of coffee. All of my bank accounts were frozen because I had gone through a deficiency judgment on this one property.
- Kim: Holy mackerel.
- Clayton: It was the hardest. I was on anti depressants. I couldn't even buy a cup of coffee and everything seemed like it was collapsing around me and I said, "I've got to figure this out."
- Robert: You're listening to Rich Dad radio, our guest today is Clayton Morris. He was on Fox and Friends and we're talking about what it takes to get out of the rat race and get on with your life. That's what we're talking about. So, all of you right there saying, "Well, I'm stuck in a job. You know, there's no money and I can't do anything and all this." Well,

that's what the Rich Dad company was founded for. That's why Kim and I created the cash flow board game in 1996, is how to get out of the rat race because I seriously doubt if you can get out of the rat race with a 401K, especially when the markets set to crash again. Markets always crash. 401K's have no insurance on them and there's a lot of guys my age. Baby boomers, who will be facing, smelling the coffee I'm a little while. So, that's why I have Clayton Morris on the program. We have Ken McElroy, Rich Dad advisor on real estate, founder of MC Companies. He's the author of the ABC's of Real Estate and Investing, The ABC of Property Management, which is the most important of all the books and the Advance Guide to Real Estate Investment, which is the advance finance part of it and my sweetheart Kim.

So, we were just talking to Clayton. Congratulations getting out of the rat race.

Clayton: Thank you.

Robert: Everybody thinks it's going to be easy and I thank you for your candor and saying what it feels like to not be able to buy a cup of coffee because Kim and I have been there. I remember when we first were together, we couldn't even check in to the Red ... What was it?

Kim: The Roof Inn or the Sixpence Motel because we had nothing.

Robert: We had no money. My credit card was so hot and then we went and bought a bucket of coronal Sanders fried chicken, a six pack of Bud and we were in heaven.

Kim: That was the time when they didn't have electric, digital cards. They physically swiped them. It wasn't electronic.

Robert: And the machine didn't work. So, we were in.

Kim: Yes. They swiped it. That's the only way we got a room.

Clayton: You're still paying for that chicken today.

Kim: Yes, we are.

Robert: We've got wanted posters out for us. Chicken thief's. So, anyway for all of you out there who think, "Well, I'm just going to go out and buy a couple of duplexes and become financially free.", this is your program. But it also to encourage you. Freedom is far more important than being a slave to a paycheck.

Speaker 1: You're listening to the Rich Dad Radio Show, with Robert Kiyosaki.

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- Speaker 1: Your financial education continues. Now back to Robert Kiyosaki and the Rich Dad Radio Show.
- Robert: Welcome back. Robert Kiyosaki, the Rich Dad Radio Show and for those that may or may not know it, when I came to the end of the line, I was in rock and roll, and I met Kim and I said, "I can't do this anymore. I can't just get up every morning just to make money and there's more to life than that." So, this was about '84, right?
- Kim: Yep.
- Robert: And our first date was to the Police concert and I said, "I'm out of here. I don't know what I'm going to do but I can't keep doing what I'm doing." Remember those days Kim?
- Kim: Oh, I'll never forget those days. That was our first leap of faith. We've taken a lot of leaps of faith but that was our first leap of faith.
- Robert: I think that's why most people don't make it is because they just stand at the edge and never look down but never take the leap. So Kenny when did you hit the end of the line?
- Kenny: Well, multiple times really. After college ...
- Robert: That's part of being an entrepreneur isn't it?
- Kenny: After my first job. I've had, as you know, my very first ...
- Kim: And Kenny, just to jump in here, Kenny is our Rich Dad advisor on real estate and he is the author of ABCs of Real Estate Investing, ABC's of Property Management and the advance guide to real estate and he's the founder of MC Companies.
- Robert: Let's introduce Clayton one more time. Clayton Morris, he's a former weekend anchor at Fox and Friends on the Fox news network and he has transitioned to real estate investor.
- Kim: Just recently. Very recently.
- Robert: A month ago, and founder of Morris Invest. His website is Claytonmorris.com, one word, Claytonmorris.com and Morrisinvest.com, and the most important thing about Clayton, he's doing it not just to make money but to make sure other people who are in financial dyer straights have a shot at the future.

Kim: So, Clayton, let me ask you, you were saying you had just started at Fox and Friends. Your accounts were all blinking red because they were all frozen. You couldn't buy a cup of coffee, at that time most people would quit. What kept you going?

Clayton: First of all, I was young and I vowed somehow along the way to not repeat what I had witnessed my father go through, which was losing his job and being beholdant to this paycheck and he always as he got older and people wouldn't hire him anymore and he was living off his social security and he had no real wealth to show and we had a great family, we had a great life but he didn't have that legacy wealth that I know that he yearned for I mean his bookshelves were lined with business books and he just couldn't push through it and I just said, "I'm breaking that cycle. I'm going to do it." I didn't just drop what I was doing after college and move to Loa Angeles to try and make my way and television and not figure this out. But again, I was still working a transactional job. I'm still getting a paycheck at Fox. So, everyone thinks it's so exclusive. It's prestigious and it certainly was but at the end of the day you can still be ruled by fear, even there, right?

Because what happens if your contract is not renewed. What happens if they decide they want somebody younger, more handsome. I know that would be impossible.

Kim: I was gonna say, you're pretty handsome.

Clayton: How I pushed through it was amazing morning because I just sat back and I just took a deep breath and it was probably one of the clearest moments I've had and now later in my life in meditation but at the time I just took a deep breath and I said, "You know what, it only goes up from here.", and I just started to figure out what went wrong. How could I unfreeze one particular account and I couldn't, my credit was destroyed, everything. So, I had to start finding creative ways like Ken talks about to find real estate deals and that's when it all opened up for me. It was sort of forced because I couldn't go to a bank and get a loan. I couldn't use my credit to just go out and get a mortgage and buy a property. I hd to figure out, how do I find great off market deals.

Robert: I want everybody to hear what Clayton just said. Kim, we've been there where we had nothing.

Kim: When we started investing in real estate, we had no money. We had no credit.

Robert: Nobody would give us anything.

Kim: No, we couldn't go to a bank either.

Clayton: Yep, you have to see what no one else sees.

Robert: But have you been there too?

Clayton: Oh my gosh, yes, of course. I mean, we all have and I think it's a good part of the process.

- Robert: I think that's the reason most people are not successful is when the banker says, "No I can't find a deal.", they quit. I mean they're just a bunch of losers.
- Kim: But Clayton said it really well. He said it forced him to get very creative and for us it forced us to get so creative, we still use a lot of the things that we learned back then.
- Robert: That's the difference. We don't let no stop us. We just find a different way of going around.
- Kim: Not having the money was actually a benefit because it forced us to think.
- Robert: Clayton, I was in a ... Poor Kim, that time she showed my financial, was down, by then, about \$800,000.00 and the banker says I wasn't blinking red, he says, "You're dead." "How are you gonna pay this \$800,000.00 off?"
- Clayton: Anyone can do it. I can do it. Kim and Robert can do it. Anybody can do it.
- Kenny: Robert can't do it.
- Robert: Don't give away my trade secret. No, I owe everything to Kim and Kenny. That's just how it is but anyway, somebody just sent me this video and it says, "Why Valedictorians Don't Make It." And it's the reason why valedictorians ... You know they're 4.0 GPA's, is because they follow the rules and he said, most entrepreneurs, the rich ones, have a 2.95 GPA and I texted Shane [inaudible 00:22:01], our president, I texted him back and I said, "Well, that's why I'm so rich because I had 2.01. I just almost flunked out again, you know."
- Clayton: It's resilience. That's what it is.
- Robert: The article is called Grit, just Grit.
- Clayton: I read that book, It's a great book.
- Robert: Yeah, it's just Grit and I think if all of you listening don't have that grit, keep your day time job or do some meditation or prayer or whatever it takes find counseling but its really a spiritual journey and if you think it's gonna be one nice and easy road, I think you're intrigued by it. Right Kenny.
- Kenny: Well, I think it also spills over into other things. It spills over into relationships with your employees, with your family, with money, with everybody and your friends and so ...
- Kim: Well, let's talk about that because Clayton what happened with ... You have two kids, young kids right and your wife and your family and friends.
- Clayton: We have three now.
- Kim: What were their reactions to what you were doing?

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Clayton: Well, it was interesting because as I started on this journey, I started saving this money that I had no way else of getting money, so I was just putting some of my own money aside and we were still struggling. I was making good money and I went out and I found two properties and I started getting these properties cash flowing. I said, "I'm going to do this." It honestly, I was on a flight to New Zealand. I was going to visit a friend of mine and I was going to be there for five days. That's all I could go for because I had a paycheck job and I'm there, after 16 hours on this flight, there's a couple sitting next to me in their 50's. We got talking and I said, "How long are you going to be in New Zealand? They said, "Two months." I said, "Two months." Who gets to go to New Zealand for two months?" He looked at me and said, "Oh, I'm a real estate investor.", and I said, "Oh, interesting." I just got out my pen and I said, "I'm ready. Just fill up my glass."

Kim: Very smart.

Robert: Good for you.

Kim: Very smart.

Robert: That's the other thing. It takes grit. The second word is humility. Can you ask somebody to tell you something. To say, I don't know something, tell me. Humility, grit, and perseverance, that's what it takes. There's a lot of humility.

Clayton: He told me where he was buying properties and I just said, "Great." So, I got back a week later and I went and I brought two properties and they've been great properties for me ever since cash flowing but my wife, I didn't quite get it. I didn't quite tap into the Rich Dad philosophy. I hadn't fully figured it out yet and my wife comes to me in the basement in the office and she says, "We can't pay the mortgage this month.", and I said, "What?" Here I am a Fox news anchor and I had to go through my closet and try to sell stuff out of my closet like some dreams and an old camera and we barely were able to pay our mortgage that month and I said, "Somethings got to change." I said, "Honey, wait a second." Over a three hour span of time, over a bottle of wine, kids in bed, I said, "We have these two properties. They've been cash flowing for us \$800.00 a month consistently. We paid 30, 40 thousand for them. They've been gems. How can we take out monthly expenses and reverse engineer that?" How many of these properties would it take for me to be financially free and where I don't have to sit here and cry because I can't pay my mortgage and support my three kids.

That's when I came you with the idea for our freedom number and once my wife was able to see that, Kim, to answer your question and we started sharing that with our family and friends, we were like, "We're going to hit financial freedom.", and then Robert to your point earlier, that's when I made the plan that I said, "I'm going to be financially free by the time I'm 42 years old. I'm going to quit my job and I beat it by two years. I just turned 40.

Robert: Congratulations, congratulations, congratulations.

Kim: Fantastic.

Robert: Once again, it's Robert Kiyosaki at the Rich Dad Radio Show, The Good News and Bad News about Money. You can listen to this program anytime anywhere in iTunes or Android and all of our programs are archive at richdadradio.com. We archive them because anything worth listening to is worth listening to again and you can listen to this program, share with friends, family, and business associates because I think what Clayton is saying is a message of the times, especially of these times and for everybody to hear. Our guests are Clayton Morris, he's a former weekend anchor for Fox and friends and he talks about how he gave up a very prestigious, I mean glamorous job in many ways to go for his dream, become a real estate investor, founder of Morris Invest and now he's sharing what he knows. He's teaching other people to find freedom. His website is Claytonmorris.com and Morrisinvest.com.

Our other guest is Ken McElroy, Rich Dad Advisor on real estate and fonder of MC Companies and all kidding aside, I think Kenny is one of the most brilliant real estate investors in the world today. I've never met anybody. Plus his partner, Ross McCallister. How they do what they do is magical and his websites are Mccompanies.com, Mccompanies.com. So, when we come up, we'll find out what Clayton is investing in and how he got to that magic number of freedom. And for those of you who have played the cash flow game, it's called when you have more passive income then you're ...

Kim: Living expenses.

Robert: That's when you're free.

This is the Rich Dad Radio Show, The Good news and Bad News About Money. Heres; Robert Kiyosaki.

Robert: Welcome back. Robert Kiyosaki at the Rich Dad Radio Show, The Good News and Bad News About Money. Like I said, when I met Kim, I was in that business of rock and roll. It was a lot, a lot of fun but one day I woke up and I said, "What the hell am I doing with my life? I'm just out there making money." I don't do drugs but I was trying to have some sex. I was doing petty good and it was a lot of fun but one day was about time to get on with my life and immediately when I sold my company and I was moving, I don't know where I was moving too but I just knew I had to get out of Hawaii. It was too confining and then I met this sweetheart named Kim and I really do believe God sent her to me because I was going to be stupid enough to go do something really stupid but IM pretty certain if I hadn't done that we wouldn't be together today. Right Kim?

Kim: You know it's interesting, you had your aha moment and probably two months before I met you, I had the same thought, that I go to work every day and I get a paycheck and I pay my bills and I go to work and I get a paycheck and I remember I was in Hawaii and wake up one morning am I'm like, "There's got to be more to life than this.", and I started searching but I didn't know what I was searching for and on our very first date

Robert, you asked me, "What's your life's purpose?", and I'm like, "My what? My what?" I think this is part of the search. So, it was destined to be.

Robert: I can't say I knew what my life purpose was or is and all this but I could see this crisis that we're in coming because I was a student of Buckminster Fuller for three summers. He's a futurist and for all those who listen to Rich Dad Radio, we've had James Records on and I think he's the futurist of today. He is the guy. SO, we're talking to day to Clayton Morris, former weekend anchor of Fox and Friends, and he too had his light go on and he says, "What am I doing? It's not just about being glamorous and attractive on television. There's other things that God sent me to do here." So, once he became financially free, which is the Rich Dad model of getting out of the rat race, he could get on with his life and now he's kind of joined us in his way of teaching, teaching people what freedom is really about. It's not a job, a paycheck and a 401K, and getting out of debt because that's not it.

Our other guest is Ken McElroy. He's the Rich Dad advisor on real estate, founder of MC Companies, author of the ABC's of Real Estate Investing. If you ever think about real estate, start with that book. The second book in the series is ABC's of Property Management, which is the bible and once you get those tow down, then you go to the Advance Guide to Real Estate Investing and Kim and I will attest that Advanced Guide to Real Estate Investing, really ... We were rich before but really made us really, really, rich.

Kim: Really works.

Robert: So, that's the best book of all.

Kim: A lot of people want to jump to the advance guide, They want to start there without having any experience or knowledge or expertise starting at the beginning.

Robert: Excuse me. I have a chest [inaudible 00:32:48], and Kenny's website is Mccompanies.com and so we're talking to Clayton about freedom and the Rich Dad game about freedom is the number and the number is, let's say you have expenses of \$1000.00 per month when you have passive income from whatever it is and generally its real estate or a business that you don't work in, then that thousand negates the thousand expenses and you're at of the rat race and you're free and as Clayton says, you can go do what you really want to do. What do you have to say about that Kenny?

Kenny: That is basically why you play the cash flow game. It's essentially that.

Robert: But there's a lot to learn besides just play the cashflow game, too.

Kenny: Well, that's why I like the cash flow game because it has all the things in it ...

Robert: Financial statements.

- Kenny: It all rolls you up to what is your freedom number and that's why I like Clayton's message about that number because I don't think a lot of people really know what that number is.
- Kim: I don't think people know what their monthly expenses are. I don't think they do.
- Robert: Right.
- Kenny: So, if you can solve to that, boy, just like he did in the basement. What a nice thing to work on.
- Kim: Most people don't tell themselves the truth about how much they spend and we had the early, early, early days, we had Betty the book keeper and the reason we had Betty the book keeper is because she would sit us down and say, "You know, you have this much going out but you only have this much coming in.", and she forced us to get very honest about how much money we were spending every single month and most people don't do that. Most people have no idea how much money is going out.
- Robert: They guess. Most people think if they make more money it will solve the problem but there structurally screwed up. I mean, their income and expenses and debt and all that is so screwed up that making more money just makes it worse. Like when we were talking to Tom Wheelwright, when we were in Brazil a couple of weeks ago, this woman comes up to us and say, "You know, I bought five properties in Florida. They're all losing money."
- Kenny: Yeah, should I refinance?
- Robert: Should I refinance?
- Kenny: I started laughing. I'm like, "Oh my gosh." That's somebody who really doesn't understand money.
- Robert: Hey Clayton, that makes sense. I'm losing money so should I borrow more money?
- Clayton: Right, exactly. Let me just keep adding to that. You know, when we came up with the freedom number heat sheet, we give it away for free on my website and it's three pages and it literally ... The emails that I've gotten from people that go through it, there saying, I never really had a handle on my expenses until I actually sat down and went through the cheat sheet and realized that we're paying for Hulu. We're paying for this Netflix thing. We didn't know we were even paying for this thing. We add it all up and then when you look at your expenses, like you guys teach, and then how can we reverse engineer that? How much passive income would we need in order to cover that every month. When you ask them, "How much money do you want to make?", most people just throw out an arbitrary number. If I speak in front of a crowd of 300 people, hands will raise, "I want a million dollars." It's total arbitrary meaningless number. What if you could have all of your monthly expenses covered every month. That's financial freedom. Who cares about a random number that you just picked out of a hat.

Know what your numbers actually are and then get passive income to make sure that no paycheck, no market can ... All of those things are in place to protect you for the rest of your life.

Robert: So, for those who are listening to this who haven't played the cash flow game, I think that's where you start. It's not for the cash flow game but it's for the financial statement and if you don't have a financial statement, no bank is going to touch you, especially today. I mean, they're getting really, really nasty today and if you come in as a non professional, they're always going to turn you down. Right, Ken?

Kenny: Yeah, the other thing Clayton, I think that happens, is a lot of people get hung up and say, "Well, I don't have the money to invest so I'm not going to dedicate the time to figure this out.", and that's the illusion as well because you don't actually need money to get passive income.

Robert: But you have to have some education and experience.

Kenny: You do. You have to have a lot.

Robert: That's why Kenny's books are the best.

Kenny: All deals start in the mind. People can figure this out. You don't need the money to create passive income.

Kim: Clayton when you had that aha moment with your wife Natalie and trying to figure out how ... You couldn't even pay the mortgage. So obviously, you had a lot of expenses.

Clayton: Right. In New Jersey ...

Kim: Hey, I'm a Jersey girl. I'm a Jersey girl.

Robert: You have to pay the mafia off to live there.

Clayton: Property taxes are crazy, a lot of expenses. The schools are outside of Manhattan. SO, not a cheap area and everyone moving to North Carolina, or Texas, or wherever the heck they were going. So, yeah figuring out all of those expenses is so true and Kim, to your point, okay, maybe you can't yet, or you don't think you know how yet to invest in real estate to create passive income, or some other method of creating passive income, not just real estate but you have to get a handle on that. There's a great saying about those who nurture and take care of money, those people who take care of money, then money takes care of you and it starts to flow to you in really extraordinary ways and Edwene Gaines wrote an amazing book, *The Four Spiritual Laws of Prosperity* and I would encourage all of you to read it. She's an amazing, feisty old lady and one of the four spiritual laws will make you the most uncomfortable and I don't know, which one it will be, but once you start going through the book, you'll know, which one is making it difficult for you and for me it was tithing because I grew up with all of these negative associations with money.

I felt like I had to hold on to money and she makes a point in the book that those that ... Not tithing in the biblical sense necessarily but tithing those who bring you spiritual sustenance. It could be the waitress that day, who you're having a terrible day and the waitress sends an extra few minutes perking you up and making you happy and laughing, you leave that person an enormous tip. The people that bring you spiritual sustenance and so I started giving money away when I didn't really have it, in those dark days and realizing let money just flow through you, that abundance starts to come into your life in ways you never expected and it's almost like watching ... You start doing it. You literally start doing it. Mark it on your calendar. Once you start not being selfish with money and letting it flow through you and you're gonna be amazed at the phone calls you'll suddenly start receiving, the money that will start showing up in your life and I know you can say, "Oh, it's easy for a Fox news anchor to say all this."

Hogwash, people with no money can do it. If you have a dollar give ten cents of it away and it's gonna start to come back in ways you never expected.

Robert: Amen. Brother. Amen. Kim did we do that?

Kim: We did that. We did that when we were starting out. We took ...

Robert: We had nothing. We gave it away.

Kim: We took 30% off the top of every dollar bill that came in and this is when we had less coming in than going out and of that 30%, 10% went into a tithing or charity account. This was back in the early, early, early days of the '80's.

Clayton: Wow. See right there. I love it.

Robert: And the cash flow came. We have charity when you get a benefit in there but it's really amazing, I will say, if you want a punch in the month, throw a punch. You want a smile, give a smile It's the same with money. If you want money, give money. Well people say, "I'm giving my time." Well, then you have too much time on your hands. So, give what you want and that's money and you'll get more money. What kind of properties are you investing in Clayton?

Clayton: So, I got back to one of the things that I suffer from guys is shining object syndrome. So, I have a tendency when people bring me all sorts of different strategies, "hey, are you going to invest in mobile homes?" "Are you going to invest in billboards?" "What about hot air balloons?", All of these different things. So, for me those first two properties, in my aha moment, were single families. They were three bedroom, one bath. They were in the Midwest, blue collar, hard working neighborhoods, where they didn't lose their jobs during the recession, not a lot of moving parts.

Robert: That's important.

Clayton: Yeah, very important.

- Robert: Jobs.
- Clayton: Even in 2008, 2009, they were still working at the local hospital. They were still working at the local distribution center, the FedEx distribution hub. Guess what, packages still need to be delivered. People still need to be taken care of by the nurses at the hospital. They did not lose their jobs and so, those are the houses I invested in. They have very few moving parts. My tenants provide their own appliances. I don't do any of that and those were the two properties I started with and I said, "Why am I going to change strategies now?"
- Robert: How much were they?
- Clayton: I think I bought it for like ... I overpaid. I think I paid like \$26,000.00 for it and put about \$20,000.00 in rehab into it at the time. I over upgraded. I did some additional things I wouldn't have done. I added some extra bells and whistles that were totally unnecessary. You learn. You know, you gotta make mistakes and so that's what I still do to this day. That's the bulk of my portfolio. That's what we do at Morris Invest and so it's the same properties. The same strategy. I know what's gotten me here and I'm going to continue to focus on that.
- Robert: Congratulations. Any comments Kenny on that?
- Kenny: Well, I think he's right I think what happens is people ...
- Robert: Chase.
- Kenny: They chase all kinds of things. Generally, most stuff, most properties, my experience has been, that come through fully listed and brokered up, are usually not the best deals. They're the ones that aren't necessarily on the market.
- Robert: What Ken and I say or Kim and I say is, "It's a nice brochure, it's a bad deal."
- Kenny: Yeah, we say the bigger the brochure the worse the deal.
- Clayton: Oh yeah, I mean I spend a lot ... My team, my acquisitions team, you'd have to wear a gas mask to walk through the houses I buy. I want buy them the uglier the better, you're not going to find these with a nice brochure at all and that's why I've got a great team that will go and we do what we do and rip them apart.
- Kenny: It's the bulk of the market. That's where everybody lives. Literally.
- Robert: What's that now?
- Kenny: Well, what he's investing in is ...
- Robert: Workforce housing.

- Kenny: It's where everybody is and it's not the high glossy stuff.
- Robert: It's the white working class.
- Kenny: The majority of the renters and the people are living in these kinds of homes and what they need are good landlords like Clayton, They do.
- Clayton: There's such a demand.
- Robert: Tell them about your first deal first.
- Kim: Oh, my first deal was a little two bedroom one bath in a little area outside of Portland, Oregon and hard working people and it was \$45,000.00. Two bedroom, one bath, very similar formula but one thing that Kenny, Robert and I do and don't do, is we don't go to the high end. We don't buy the high end apartment buildings and I still remember the one Kenny in Texas where we walk in and the toilet is sitting in the living room and two thirds of the property has been burned down by the previous owner.
- Robert: What they did also was they opened up all the walls. The landlord did this, opened all the walls and took all the electrical wiring out to see it as scrap. I'm going, geeze, that's property management.
- Kim: All Kenny could say is, "Oh, I smell so much opportunity here."
- Kenny: Yeah, it had a flood. It had a fire. It was 680 units so it was a big project.
- Robert: But to what you said Clayton next door to it was huge insurance company, plus a hospital with full time employment right.
- Clayton: Right. It was right next to USAA and it's in San Antonio and that's right, you're buying in a neighborhood and you're ...
- Robert: You're buying where there's jobs.
- Clayton: And you're improving the neighborhood and you're buying where jobs are.
- Robert: So, Clayton, thank you very much.
- Clayton: Thank you.
- Robert: I really appreciate your ... Most importantly, congratulations for helping other people and teaching, and being a great team player with all of us on this and doing our best to straighten out the finances of this country. So, thank you for that.
- Clayton: Much love to you guys and you guys are true hero's to me, so its truly an honor.
- Kim: Congratulations Clayton.

Kenny: Congratulations.

Clayton: Thank you. Thank you guys so much.

Robert: Take care Clayton. Out of the rat race and on to life.

Kim: Yay! Hooray!

Robert: So, when we come back the most important part of our program or more popular part of our program is called, Ask Robert and Ken will stick around and answer any question you may have.

Speaker 1: You're listening to the Rich Dad Radio Show with Robert Kiyosaki.

Do you own an LLC or LP? Are you aware of the new rules? The IRS has mandated new audit rules that require every LLC operating agreement and LLC Limited Partnership Agreement be amended. This dramatic requirement has never before been experienced and changes must be made by December 31st. Corporate Direct, owned by Rich Dad advisor, Garrett Sutton, can guide you through these new rules. Call 800-600-1760. That's 800-600-1760. Or visit Corporatedirect.Com. Contact Corporate Direct today to stay in IRS compliance.

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Speaker 1: Log on to Riccdadradio.com while you listen. Now back to Robert Kiyosaki.

Robert: Welcome back. Robert Kiyosaki of the Rich Dad Radio Show, Good News and Bad News about Money. Want to thank Clayton Morris, former weekend anchor for Fox and Friends. Former anchor because he got out of the rat race and he's now a real estate investor and founder of Morris Invest but like he's a kindred soul because he believes in teaching because we're in a financial crisis today. I mean in a big one, huge one and all those people with a steady job and saving money and trying to get out of debt and a 401K, I will pray for you tonight because when this baby comes down, it's gonna be bad one.

Clayton was courageous enough to talk about what's it's like to get to the end of the line and that's when you find out what you're made of and so he had a glamorous life and all this on television. He talks about how he can't even afford to buy a cup of coffee and

Kenny McElroy, Rich Dad Advisor he's been there. Kim and I have been there and I think that's what most people are terrified, the end of the line. You better figure out what you're made of at that moment. So, that's why I thank Clayton and our talk today. When I met Kim, I came to the end of the line, I said, "I can't do this anymore." It was fun. It was really a lot of fun. Sex, drugs, rock and roll but it's time to get on with mu life and so for all of you, it may be time for you to get to the end of the lien and get on with your life and smell reality and face it and find out if you have it or not.

Once again, you can listen to the Rich Dad Radio Show on your time and your schedule in iTunes and Android and all of our programs are archived at Richdadradio.com. We archive them so you can listen to them again, so you learn again because repetition is how we learn best but more importantly, you can sher this program with friends, family, and business partners because if we're correct, we're coming to the end of the line, one of the biggest economic boom, BS boom in history called printed money. So, be very careful right now and that's why we at the Rich Dad Radio Show exist.

You can submit your questions to ask Robert at Richdadradio.com and Ken McElroy has stayed with us. So, first question Melissa.

Melissa: So, our first question today comes from Alyssa in New York, favorite book Rich Dad Poor Dad. Her question is this how do you know, which real estate is a good investment?

Robert: Well, all of us have that question constantly and a lot of people don't like my answer and I say, why don't you take a real estate course, if you really don't know what you're doing there's a lot of ... You know [inaudible 00:49:32] real estate course but that's where you start. At least that's where I started and I have never lost money in real estate, yet I know people with no real experience, they jump in and they get into real estate and they take a hammering and the one reason real estate is risky is because there's no liquidity in it, In other words, if you make a mistake, you're stuck with that baby, you're going down with the ship, whereas you buy a stupid mutual fund and you make a mistake, you can sell it immediately. So, the key is liquidity. So, the less liquid an investment, IE. real estate, take classes. Take lasses. Kenny McElroy got his education working in real estate. Is that correct?

Kenny: Yeah, I'd taken tons and tons of classes however all along. I still do.

Robert: Yeah, it's part of education. I don't know why people think they're Donald Trump reincarnated or something.

Kenny: Well, I think they want the answer and then they go do it and that's really to the right thing to do. You know, really the truth about real estate is you've got to look for where the need is first.

Robert: There's so many moving parts to it.

Kenny: Yeah, actually, that's what I was going to say I think people put real estate and stocks in the same category and really real estate is a business. You have to understand it. You

have to understand income and expense and there's so many ... It's very complex and stock is not.

Robert: That's why I love you books Kenny, ABC's of Real Estate Investment. How you find the deal but the biggest one is the management of the deal because it's a business.

Kenny: Yeah, you don't have to manage the stock. I mean it's very easy. It's like buying anything at any store. That's how stocks are. Real estate is not lie that. You can buy it that way but then you have to manage it and you have to produce after that.

Robert: Yeah, real estate is like buying a puppy. You [inaudible 00:52:15] after you buy it.

Kenny: It's the truth. There's a lot to it.

Kim: And there's also, we get a lot of questions about, well I live in London and I'm thinking of investing in Florida, very much like a stock. They're just going to blindly turn their money over to have somebody else manage it, run it, and they have no education. They don't know what their investing in but it sounds like a good deal.

Kenny: I think why that is Kim, is there's a lot of these gurus out there that try to make it look like that. They're trying to raise capital over the internet and they're trying to get people to invest in spots that they don't know anything about. It's such a bad idea.

Robert: Kenny will tell you and we've said it all along, if somebody is trying to sell it to you, it's probably a bad deal. Right? I mean it's probably bad. The prettier the brochure ...

Kenny: The worse the deal. Yeah.

Robert: It's all disguise, you know, flip this house and flip that thing and all that, that's not what we do. Hat Clayton says, now Clayton bought in the Midwest because he lives in New Jersey. I personally would not do that because the Midwest is too far away from New Jersey.

Kenny: But it was a very calculated, strategic move is the point. I mean he, I'm sure ...

Robert: He had a plan.

Kim: And he's been there and he's been out there.

Kenny: There area lot of reasons why he's there. I think that is the point. Real estate is a very local business and so as you drive down the road, you know what's good on the left and what's good on the right and if you're going in a bad area and a good area and that's how it is.

Robert: When Kim started, she could walk to her first investment and our bet investment of all, we can still walk to.

- Kim: We can still walk to it today.
- Kenny: It doesn't work if there's nobody to rent it. Everybody runs out to the edge of town because it's cheap and then they can't figure out why and Oh, it's vacant.
- Kim: Nobody lives here.
- Kenny: Then, oh, real estates a bad deal. They're idiots for ...
- Robert: They can't get out of it.
- Kenny: Correct.
- Robert: My first deal, the reason I know that one hor thing is my first property was on Maui and Maui, Hawaii is beautiful, The trouble is when something went wrong I had to take a whole day off of work to catch a plane, rent a car, drive to the property, deal with some idiot person who's pissed off at me. Then I have to come back, try to get back to work. It was a whole day. It cost me more money than I could ever make from the property. So, sports fans, this is about education. We're not telling you to buy anything but you have to study with real estate for one major reason, it's not liquid. You can't get out quickly. That's the problem if you make a mistake and tell them the story of Tom Wheelwright again, in Brazil.
- Kim: Tom Wheelwright's our Rich Dad Advisor on taxes.
- Kenny: This is very similar. A women bought, she lived out of the country. She bought some property in Florida and she was basically ...
- Robert: Hemorrhaging.
- Kenny: Hemorrhaging cash and what they weren't cash flowing, which is the number one thing that we talk about here.
- Kim: None of the properties were cash flowing.
- Kenny: Yeah, Rich Dad, Poor Dad, if that is your favorite book, which you said it was, that's basically what it says. It say, "Properties should cash flow."
- Robert: Cash flow out as well as cash flow in.
- Kenny: Right, so what happened in that one is that she's hemorrhaging on all five properties.
- Robert: Because she made bad decisions.
- Kenny: Yeah, and the question to Tom, which was ridiculous, I mean it's good that you ask questions but is maybe I can just refinance?

Robert: Add more debt.

Kenny: That is unbelievable that somebody would say that.

Robert: Once again ladies and gentlemen, take a course. Invest two or three days and study. Ken looks at a thousand deals every year, right?

Kenny: Yeah every year, almost a thousand.

Robert: And that's what it takes. So I want to thank you for your questions. You can submit your questions to ask Robert at Richdadradio.com. Much thanks to Clayton Morris, Congratulations on being out of the rat race and thank you all for listening.